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R 121728Z FEB 71

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 6762

INFO AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

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SUBJECT: COLOMBIA/VENEZUELA: COLOMBIAN OIL CONCESSIONS

REF: CARACAS 589

1. SINCE ISSUE OF COLOMBIAN PETROLEUM CONCESSION GRANTS IN DISPUTED AREA GULF OF VENEZUELA SUBJECT OF SENSATIONALIST PRESS ARTICLES IN THAT COUNTRY, EMBASSY HAS BEEN QUIETLY LOOKING INTO MATTER. SOME MONTHS AGO MINISTRY OF MINES OFFICIAL DENIED TO EMBOFF EXISTENCE ANY GOC CONCESSIONS IN THAT AREA. HOWEVER, THIS WEEK CITIES SERVICE MANAGER SHOWED ECON COUNSELOR MAP INDICATING ALMOST ALL OF DISPUTED AREA WAS GRANTED AS CONCESSION IN 1965 TO CITIES SERVICE. FYI: THIS MAY HAVE BEEN REPORTED TO DEPT AT TIME, BUT FILES NO LONGER AVAILABLE HERE. END FYI. HE SAID, HOWEVER, THAT MINISTRY MINES HAS HELD ALL COPIES OF CONCESSION CONTRACT SUBSEQUENTLY, AND REACHED GENTLEMEN'S AGREEMENT WITH CITIES SERVICE BY WHICH COMPANY WOULD REFRAIN FROM ALL ACTIVITY IN AREA AND THEREBY BE RELEASED FROM PAYING RENTAL ON CONCESSION UNTIL SUCH TIME AS CONFLICTING TERRITORIAL CLAIMS SETTLED. CITIES SERVICE HAS KEPT ITS SIDE OF THE BARGAIN, WHICH INCLUDES SILENCE, AND HAS NO INTENTIONS OF TAKING ANY ACTION WHICH COULD EXACERBATE COLOMBIAN/VENEZUELAN DISPUTE. HOWEVER, COMPANY NATURALLY ANXIOUS FOR SETTLEMENT SINCE IT BELIEVES THERE IS RICH POTENTIAL. CITIES SERVICE WOULD PREFER DEAL WITH COLOMBIA THAN VENEZUELA BECAUSE OF FORMER'S RELATIVELY MORE LIBERAL PETROLEUM REGIME.

SACCIO

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